

**Bangor Water District
Board of Trustees**

**Minutes of a
Board Workshop
May 27, 2021**

A Board workshop was held at 7:00 a.m. in the Hughes Building, 614 State Street. Due to COVID 19 restrictions, Trustees and staff participated in person and remotely, with both audio and visual available to all participants. Remote participation for the public was provided, but no one joined the meeting. Present were:

Ralph Foss
Patty Hamilton
John Hwalek
Gerry Palmer
Robert Sypitkowski
Michael Timpson
Dan Wellington

being more than a quorum of Trustees. Also in attendance: General Manager Moriarty and Finance Manager Silva. The clerk kept the minutes.

The two items on the agenda were reviews of the updated 2021 budget (based on completed 2020 financials) and review of the pro-forma for a 2021 rate change.

The revised 2021 items showed

- Lower wages and roll-up costs – due to vacant positions and distribution of labor to capital projects
- Lower overall expenses – among them power costs down, chemical costs up
- Contractual services – higher due to legal, HR, IT, and DigSafe needs
- Insurance – health insurance (due to vacant positions) and worker’s comp lower

Silva then presented the proposed rate case and financial proforma which included a rate increase of 13.9% effective October 1, 2021. Moriarty reminded the Board that a 7 percent rate increase had been planned for 2020 and a 7 percent rate increase projected for 2021. The 2020 increase had been deferred due to the impact of COVID on many customers.

She noted that the additional revenue is needed to fund renewal of the District’s aging infrastructure, in line with the utility’s 20-year capital improvement plan.

- With nearly 200 miles of pipe in the ground and an average pipe lifespan of 100 years, the District should be replacing two percent of its pipe each year to ensure the entire system is renewed every hundred years. Currently, 22 percent of the pipe – 42 miles – is more than 100 years old.
- The Butler ozone treatment plant is 25 years old, and in the middle of a multi-year upgrade to reliably and efficiently treatment water for the next 25 years.
- Two aging standpipes – BIA and Hammond Street – are due to be replaced with a single new tank.

Moriarty further noted that Bangor Water

- is not funded by tax dollars (local, state, nor federal).

- has not been eligible for any COVID-related monetary assistance

Based on these needs, Moriarty presented options for several rate increases, including an 11.9 percent increase with no contingency monies or a 13.9 percent increase with a two-percent contingency. She recommended a rate increase of 13.9 percent, effective Oct. 1, 2021. This would result in an increase

- to the minimum residential bill of \$6.15 per quarter (\$2.05 per month)
- to the average residential bill of \$9.43 per quarter (\$3.14 per month)

Bangor would have the 19th lowest water rate in the state even after the proposed increase. The increase would also impact public and private fire protection charges.

Staff and Trustees discussed the impact on customers, the need to narrow the gap on system infrastructure replacement, and the deferment of the 2020 planned rate increase.

Moriarty reviewed the steps required for the rate increase including

- filing requirements with the MPUC for its review
- notification to customers with a mailing and a newspaper notice
 - Information will also be contained in the annual newsletter and on the website
- a public hearing

An informational meeting with the Bangor City Council will also be scheduled.

After discussion and consideration, the consensus of the Board was to pursue a 13.9 percent increase, effective Oct. 1. Additional discussion and a vote will be scheduled for the Board's June meeting.

With no additional business for the workshop, the meeting adjourned at 8:45 am.